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SPARTAN EXPLORATIONS LTD. (N.P.L.)
ANNUAL REPORT

1970

ANNUAL MEETING

COWICHAN ROOM

BAYSHORE INN

1601 WEST GEORGIA ST.

VANCOUVER, B.C.

DECEMBER 18th

10:00 A.M.



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DIRECTORS:

Raymond L. DeProy, Vancouver, British Columbia.
Alan Kulan, West Vancouver, British Columbia.
Darrall S. Collins, Q.C., North Vancouver, British Columbia.
Tatsuzo Iwafune, Tokyo, Japan.

OFFICERS:

<i>President</i>	Alan Kulan
<i>Executive Vice-President & General Counsel</i>	Darrall S. Collins, Q.C.
<i>Treasurer</i>	Allan R. Patrick
<i>Secretary</i>	Robert H. Wanless

HEAD OFFICE and REGISTERED OFFICE:

303-1035 West Pender Street, Vancouver 1, B.C.

Phone: 688-2355 (Area Code 604)

AUDITORS:

Shand, Pearmain, McAfee & Pew,
900 Guinness Tower, 1055 West Hastings Street,
Vancouver 1, B.C.

REGISTRAR & TRANSFER AGENT:

Canada Permanent Trust Company,
455 Granville Street, Vancouver 1, B.C.

BANKERS:

Royal Bank of Canada,
Broadway & Cambie Branch, Vancouver, B.C.
Canadian Imperial Bank of Commerce,
Pender & Burrard Street Branch, Vancouver, B.C.
Bank of British Columbia,
Main Branch, Pender & Burrard, Vancouver, B.C.

CAPITALIZATION:

10,000,000 Shares with a par value of 50¢ each.

Issued: 3,003,000 shares.

EXCHANGE LISTING:

Vancouver Stock Exchange (Symbol S.P.E.)



TO OUR SHAREHOLDERS:

During the past year your company has concentrated on a policy of seeking to joint venture the properties it holds and of acquiring other properties that may be made the subject of joint venture agreements with major companies. Its' endeavours in this regard have been successful and based on the information found elsewhere in this report we feel justified in adopting an optimistic view concerning your company's future.

To avoid repetition we refer you to our news releases and reports of June 3 and November 9 for particulars of our joint venture projects. After participating with Spartan in an exploration program on the Buckhorn property costing \$9,059.98, Lacanex Mining Co. Ltd. has terminated its agreement with Spartan but nevertheless agrees that the property has merit. Management is at the date of this report actively engaged in negotiations with one major company that has indicated an interest in the property and another major company has also indicated an interest. It is hoped that a joint venture can be arranged so that 3000 - 5000 feet of drilling can be undertaken before the end of the year. Data relating to our joint venture project in Northern B.C. with Mitsui Mining & Smelting Co. Ltd. is still being studied to determine the next stage of exploration. Preussag A.G. Metall of West Germany is expected, prior to the date of the annual meeting, to reply to our proposal concerning an exploration program proposed for the next exploration season. This proposal was sought by Preussag and was prepared by Jack S. Vincent, P.Eng., after consultations with Dr. Rellensmann and Dr. Herget of Preussag.

Our properties are located in the Yukon Territory, Northern British Columbia and the State of Washington, U.S.A., as shown on the location map which forms a part of this report. Three of these properties, namely, the SPECTRUM group, the EAGLE group and the ZINK group were acquired as a result of our joint venture project with Mitsui Mining & Smelting Co. Ltd. conducted during the past exploration season and known as the Northern B.C. (DORA) project. A report on the properties and the work done thereon is best summarized in the following reports prepared by John S. Vincent, P.Eng., and James S. Dodge, P.Eng.

MUR GROUP

The MUR claims group consists of 23 contiguous claims located on the northwest slopes of Mount Mye, Yukon Territory.

Earlier work by Kerr Addison in 1962 outlined a self-potential anomaly of 100 MV in an area up-slope from mineralized float and a prominent gossan. Soil samples returned high values in zinc to several thousand parts per million.

The property is underlain by a series of Lower Paleozoic meta-sediments ranging in composition from quartz-sericite schist to hornfels and phyllites. A quartz-monzonite intrusive



SPARTAN

BRITISH COLUMBIA, YUKON
AND WASHINGTON



is in contact to the northeast and southwest. The stratigraphic section is intersected by a prominent fault zone which strikes southwestly down Vangorda Creek.

In March of 1970 an electromagnetic survey was carried out to locate and outline the anomalous area indicated by the Kerr Addison work. However, no such area was located, and the writer suggests that the sphalerite contact of the mineralized zone may be sufficient to inhibit conductivity.

A further detailed geological examination and additional soil sampling was carried out by Mitsui geologists during the summer of 1970. The results of their study generally supported the conclusions of earlier workers, and they recommended that a detailed soil sampling survey be conducted over the claim block. The cost of this survey is estimated at \$2,500.00

Dated at Vancouver, B.C. this 28th day of October, 1970.

"J.S. VINCENT"
J.S. Vincent, P.Eng.,
Consulting Geologist.

STAR GROUP

The Star group consists of 4 claims located in the Hess Mountain approximately 10 miles southwest of the Northwest Territories — Yukon Territory boundary at McMillan Pass. The property adjoins the Hudson Bay Mining and Smelting's TOM property to the southwest.

The Star group of claims is underlain by a northerly trending section of Lower Paleozoic sedimentary rocks which have been folded and intruded by quartz-porphyry dikes. The lead-zinc-silver mineralization of interest on the Hudson Bay property appears to be localized in the upper portion of this stratigraphic section, and the Star claims were located to include the favourable stratigraphic horizon further along strike.

Geological mapping, and soil and silt sampling, did not locate any mineralization, or provide any encouragement for additional possibilities. The claims are being maintained in good standing because of their close proximity to the Hudson Bay property being developed to the west.

Dated at Vancouver, B.C. this 28th day of October, 1970.

"J.S. VINCENT"
J.S. Vincent, P.Eng.,
Consulting Geologist.

LLC GROUP

Location

The LLC claim group consists of 94 recorded mineral claims located on a tributary of the Barrington River, about 30 miles west of Telegraph Creek, British Columbia.

Previous Work

The ground covered by the claims was staked in June, 1957, by Conwest. In 1958, Amax optioned the ground and built a trail from Telegraph Creek, and trenched and sampled several surface showings under the direction of P.O. Hackey. The 1959 Minister of Mines Report indicates that 75 samples assayed 0.01% to 0.09% MoS_2 .

In 1959, Kennco held an option on the ground. Conwest dropped the ground in 1967 or 1968 and in April, 1968, eight claims were staked for Spartan. Further claims were staked later in 1968. Work by Spartan in 1968 consisted of 400-scale geologic mapping, and 1,680 feet of diamond drilling in two holes. A 180 foot section from D.D.H. S-1 averaged greater than 0.15% MoS_2 and provided the incentive for the 1969 program.

During the 1969 season work consisted of geological mapping on a scale of 1":100'; the diamond drilling of three holes for a total length of 1,930 feet; and petrographic studies by S. Williams and Glen Woodsworth.

Geology

In the north-central portion of the claims, an intrusive quartz porphyry is exposed over a circular area approximately 1600 feet in diameter. An annular ring of syenite, hornfels and amphibolite, approximately 4000 feet in diameter, surrounds the granodiorite. Surrounding this mixed zone are regionally metamorphic sediments and volcanics of Triassic age. This mixed zone forms one of the most spectacular gossans in British Columbia.

Molybdenite occurs in numerous quartz stringers that cut the hornfels, syenite and, to a lesser extent, the quartz porphyry.

Diamond Drilling

Five holes, totalling 3,610 feet, were drilled during 1968 and 1969.

D.D.H. S-1 was spotted to test surface mineralization in syenite in the hornfels, and 900 feet of hornfels with several quartz porphyry dykes. The interval between 590 feet and 780 feet ran greater than 0.15% MoS_2 and the entire 1000 feet assayed 0.06% MoS_2 .

D.D.H. S-2 was drilled at 45° to S-1 from the same site. Unfortunately, the hole ran along a post mineralization dyke for much of its length, and thus very little information of value was obtained.

D.D.H. S-3 was spotted to test surface mineralization in syenite in the area 71E, 116N. The hole cut 80 feet of syenite and hornfels, then 280 feet of amphibolite, and finally 80 feet of hornfels. Assay results from this hole were uniformly low; only four five foot sections ran better than 0.05 MoS₂.

D.D.H. S-4 was spotted to test a large area of moderately mineralized grey syenite. The first 450 feet of the hole cut white syenite, and minor hornfels, but assays were very low; only two five foot intervals ran better than 0.05% MoS₂. The assays were even lower from the remainder of the core, and the hole was shut down at 680 feet in the grey syenite.

D.D.H. S-5 was spotted 2,000 feet west of the previous four holes in the area of weakly mineralized syenite and quartz porphyry. The hole intersected a heterogeneous mixture of syenite, hornfels and quartz porphyry dykes. The assays reflected this heterogeneity and ranged from 0.01% to 0.14% MoS₂. The overall grade was low, however. The best 45 foot interval (between 490 feet and 535 feet) ran 0.08% MoS₂.

In summary, the only important mineralization that has been drilled to date occurs in silicified hornfels in contact with quartz porphyry in D.D.H. S-1.

Conclusions & Recommendations.

All drilling thus far has been done on the south (and stratigraphically lower) side of the quartz porphyry. The northern contact of the intrusive is not exposed, nor are there any outcrops between the porphyry and metasediments exposed on the north side of Penny Creek Valley. The probability of the existence in the intervening 2,500 feet of a steeply north-dipping zone of syenite and/or hornfels is good. Such a zone would be on the upper contact of the quartz porphyry and should, theoretically, be more receptive to ascending fluids than the lower contacts.

Further drilling is warranted to test for this mineralized zone. From the south side of Penny Creek Valley approximately 2000 feet of BQ drilling should be considered at an estimated cost of \$20.00 per foot; a total of \$40,000.00

Dated at Vancouver, B.C. this 28th day of October, 1970.

"J.S. VINCENT"

J.S. Vincent, P.Eng.,
Consulting Geologist.

ART GROUP

This property consists of 6 claims located to cover a copper showing 2 miles west of Kinaskan Lake, approximately 40 miles southeast of Telegraph Creek. The claims group is underlain by granitic rocks and covers a strong zone of alteration cut by a prominent northerly striking fault zone. The alteration zone is visible over an area approximately 400 by 600 feet.

The claim group has been examined and the geology mapped by Mitsui geologists during the past field season. Their study indicates that mineralization is confined to a narrow shear zone, and any economic potential is limited.

However, all the surrounding country is staked by a major company, and the Art claims will be kept in good standing for their strategic location.

Dated at Vancouver, B.C. this 28th day of October, 1970.

"J.S. VINCENT"

J.S. Vincent, P.Eng.,
Consulting Geologist.

Northern B.C. (DORA) Project.

The Spectrum Group of 46 claims covers a newly discovered copper prospect on which chalcopyrite, pyrite, and minor molybdenite occur as disseminations and in quartz veinlets in a quartz monzonite porphyry stock, and to a lesser extent in the surrounding triassic andesitic volcanics. Five grab samples from three bedrock outcrops and from talus range from 0.29% to 0.76% copper with 0.006% MoS₂.

Results from geological mapping, geochemical soil sampling, and a magnetometer survey during July-September 1970 indicate an arcuate zone of copper mineralization 3500 feet long and at least 600 feet wide. The full width of the zone cannot be determined without drilling, as talus from late Tertiary basalt flows bounds one side of the area of anomalously high copper values. The andesites are pervasively pyritized in a broad halo beyond the area of copper mineralization.

Diamond drilling is recommended to test the grade and continuity of known mineralization both at depth and laterally beneath the basalt capping.

The Eagle Group of 22 claims is a relocation of the Snowdrift prospect of Kennco. Chalcopyrite and minor molybdenite occur as disseminations and fracture fillings in sheared quartz monzonite quartz-eye porphyry near the contact with older andesitic volcanics.

Work by Kennco included silt sampling, and four diamond drill holes to test IP anomalies. Drilling revealed low grade copper values. No drilling was conducted to test copper mineralization in outcrops extending for over 1500 feet along the main stream.

As a result of geological mapping by Spartan during August, 1970, it is recommended that a detailed soil sampling program, followed by bulldozer trenching, be conducted prior to drilling.

The Zink group of 8 claims covers cliff outcrops of massive sulfides in Paleozoic

meta-sediments. Sphalerite, galena, pyrite and minor chalcopryrite occur as banded replacements in drag folded schist and gneiss over an apparent thickness of 25 feet and along a strike length of at least 300 feet. Three grab samples from better grade bands, ranging up to one foot thick, average 16.17% zinc, 2.97% lead, and 0.77 ounces silver.

It is recommended that detailed geological mapping and channel sampling be completed to determine the best site for diamond drilling to test the width and grade of the deposit.

Dated at Vancouver, B.C., this 28th day of October, 1970.

"JAMES S. DODGE"

James S. Dodge, P.Eng.,
Consulting Geologist

PROGRESS REPORT – BUCKHORN MOUNTAIN PROPERTY.

During the 1970 field season property evaluation work on the Buckhorn Mountain Washington Property has included line cutting, soil sampling, geological mapping and a magnetometer survey. The varied and widespread nature of the copper and iron mineralization is such that examination and evaluation is difficult, and the writer felt that a detailed program was warranted to properly evaluate the various types of mineralization encountered.

Approximately 15 miles of base line and picket lines were cut to provide the basis for a grid control over the immediate area of interest. The picket lines are spaced at 400 feet along the north-south base line. Soil samples were collected at 200 foot intervals, analyzed for copper, and values were plotted and contoured to outline areas of interest. Preliminary results indicate four anomalous zones over an area approximately 5000 feet by 2500 feet. More detailed soil sampling is being done in these areas to check the results and fill in on a closer spacing.

Geological mapping has been carried out to determine the underlying geology and evaluate the numerous shafts, pits, and trenches which had been excavated in mineralized zones. In particular, the areas underlying the geochemical anomalies were carefully examined, and outcrops, pits, and shafts were sampled.

Although field results are still coming in, it appears that the geochemical anomalies closely reflect very finely disseminated pyrrhotite, pyrite, and chalcopryrite in the underlying volcanic rocks. Earlier work has been concentrated on shear zones running through the volcanics, but it does not seem that any effort has been directed towards the mineralized volcanic rocks themselves. Outcrops, shafts, and pits have been sampled carefully but the results are not yet available.

At the north end of the property the contact metamorphic mineralization is of considerable interest. Previous underground work by earlier operators, diamond drilling by the

United States Government, and detailed mapping and sampling by Mitsui, indicate that magnetite and chalcopyrite may be present in economic quantities. Following a compilation and study of this season's work a decision will be made on the next step to be taken. It should be noted that there are some interesting similarities between this area and the Tasu deposit in the Queen Charlotte Islands.

"J.S. VINCENT"

J.S. Vincent, P.Eng.,
Consulting Geologist.

Your Company has during the past year reduced its staff and office space substantially and while such reductions have resulted in considerable savings in administrative and office expense they have not in management's view reduced your company's capability or effectiveness in the exploration field. Sufficient funds are on hand to meet the company's commitments to the end of its current fiscal year and if the outstanding options which were granted in connection with our recent underwriting are taken up and if our joint venture policy continues to be successful your company should enjoy a good financial position for the next two to three years.

Our thanks are extended to all shareholders, staff, officers, directors, associates, joint venture partners and the many others who have contributed to the progress and success of Spartan and who we hope will continue to devote efforts to its future.

Respectfully submitted on behalf of the Board of Directors.

A handwritten signature in dark ink, appearing to read 'Alan Kulan', with a stylized, flowing script.

Alan Kulan
President

SPARTAN EXPLORATIONS LTD. (NON-PERSONAL LIABILITY)

EXHIBIT A

BALANCE SHEET AS AT JULY 31, 1970
(With comparative figures as at July 31, 1969)

ASSETS

	<u>1970</u>	<u>1969</u>
Current Assets		
Cash	\$ 12,356	\$ 14,037
Bank term deposits and accrued interest	45,086	221,793
Accounts receivable	20,333	20,107
Prepaid expenses	<u>2,282</u>	<u>2,679</u>
	80,057	258,616
Investment in Mineral Properties, at cost		
(Notes 1 and 2)	121,148	96,811
Fixed Assets (Note 3)	22,822	45,618
Deferred Expenditures, at cost (Exhibit B)	<u>312,455</u>	<u>416,165</u>
	<u>\$536,482</u>	<u>\$817,210</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Trade accounts payable and accrued liabilities	\$ 6,734	\$ 38,363
Advance from Mitsui Mining & Smelting Company Limited (Note 4)	<u>50,000</u>	<u>—</u>
Shareholders' Equity		
Share capital (Notes 5 and 8)		
Authorized:		
10,000,000 shares of 50¢ each par value		
Issued:		
2,803,000 shares (1969: 2,753,000 shares)	761,500	736,500
Contributed surplus (Note 6)	450,664	413,164
Deficit (Note 7)	<u>(732,416)</u>	<u>(370,817)</u>
	479,748	778,847
	<u>\$536,482</u>	<u>\$817,210</u>

Approved on behalf of the Board:

"DARRALL S. COLLINS" Director"R. L. DEPROY" Director

The notes in accompanying Exhibit F form an integral part of these financial statements.

This is the balance sheet referred to in our report dated October 19, 1970.

"SHAND, PEARMAIN, McAFEE & PEW"
Chartered Accountants

AUDITORS' REPORT

The Shareholders
Spartan Explorations Ltd. (Non-Personal Liability)
Vancouver, B.C.

We have examined the balance sheet of Spartan Explorations Ltd. (Non-Personal Liability) as at July 31, 1970 and the statements of exploration and development expenditures, administrative expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at July 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
October 19, 1970

Shand, Pearmain, McAfee, Pew,
Chartered Accountants

SPARTAN EXPLORATIONS LTD. (NON-PERSONAL LIABILITY)

EXHIBIT B

STATEMENT OF DEFERRED EXPENDITURES
FOR THE YEAR ENDED JULY 31, 1970

Properties	Balance of Deferred Expenditures July 31, 1969	Expenditures During the Year Ended July 31, 1970	Total Deferred Expenditures As At July 31, 1970	Expenditures Written Off During the Year Ended July 31, 1970	Balance of Deferred Expenditures July 31, 1970
Logan	\$110,452	\$ 134	\$110,586	\$110,586	\$ —
Itsi	12,026	943	12,969	8,146	4,823
Fortin	5,576	16	5,592	5,592	—
Port Hardy and Mahatta	22,094	2,994	25,088	23,827	1,261
Barrington River	111,068	62,075	173,143	5,322	167,821
Tay	8,893	12,734	21,627	355	21,272
Gnat Lake	1,600	11	1,611	1,611	—
Jennings Lake (Blue Light)	8,517	409	8,926	8,926	—
Bonaparte	16,711	4,917	21,628	3,866	17,762
Fort Smith	9,830	135	9,965	9,965	—
Kootenay	8,192	6,888	15,080	15,080	—
Northern Alberta	9,401	(1,499)	7,902	7,902	—
Mount Haskins	8,356	42,974	51,330	51,330	—
Other explorations — miscellaneous	—	21,388	21,388	21,388	—
Pemberton	—	3,406	3,406	2,637	769
Northern B.C.	—	11,986	11,986	—	11,986
Kinaskin	—	5,121	5,121	608	4,513
Smithers	—	2,654	2,654	1,871	783
Buckhorn Mountain	—	11,083	11,083	—	11,083
Racicot	—	1,707	1,707	1,374	333
Exploration and Development					
Expenditures (Exhibit C)	332,716	190,076	522,792	280,386	242,406
Administrative Expenditures					
(Exhibit D)	83,449	70,049	153,498	83,449	70,049
Deferred Expenditures (Exhibit A)	<u>\$416,165</u>	<u>\$260,125</u>	<u>\$676,290</u>	<u>\$363,835</u>	<u>\$312,455</u>

SPARTAN EXPLORATIONS LTD. (NON-PERSONAL LIABILITY)

EXHIBIT C

STATEMENT OF EXPLORATION AND DEVELOPMENT EXPENDITURES

FOR THE YEAR ENDED JULY 31, 1970

(With comparative figures for the preceding year)

	<u>1970</u>	<u>1969</u>
Diamond drilling	\$ 83,501	\$ 50,805
Prospecting	20,720	37,355
Property examinations	17,652	46,265
Geological surveys and mapping	15,072	50,111
Exploration planning	13,867	23,297
Preliminary studies	9,652	12,525
Geophysical surveys	8,992	9,608
Claim staking	6,701	19,815
Claim surveying and assessments	5,183	7,637
Expediting	4,965	9,302
Hand trenching	3,374	5,555
General supervision	2,859	16,576
Geochemical surveys	702	34,528
Bulldozer trenching	132	23,941
Linecutting	90	1,237
Airborne surveys	14	5,012
Access roads	—	320
	<u>193,476</u>	<u>353,889</u>
Expenditures recovered		
Government Northern Mineral Assistance Program grant	—	64,913
Joint venture participation		
Jennings Lake project	586	30,462
Northern Alberta project	<u>2,814</u>	<u>—</u>
	<u>3,400</u>	<u>95,375</u>
TOTAL EXPENDITURES FOR THE YEAR (Exhibit B)	<u>\$190,076</u>	<u>\$258,514</u>

SPARTAN EXPLORATIONS LTD. (NON-PERSONAL LIABILITY)

EXHIBIT D

STATEMENT OF ADMINISTRATIVE EXPENDITURES

FOR THE YEAR ENDED JULY 31, 1970

(With comparative figures for the preceding year)

	1970	1969
Salaries and wages	\$32,505	\$41,216
Office rent	7,725	8,385
Management fees	6,650	6,061
Transfer agents' fees	4,844	2,990
Consultants' fees	3,000	1,730
Telephone and telegraph	2,950	2,684
Depreciation of office fixtures, fittings and equipment	2,945	2,943
Legal fees	2,470	6,434
Travel and accommodation	2,221	420
Postage, stationery and supplies	2,015	4,003
Insurance	1,911	1,299
Audit fees	1,515	1,225
Bad debts	1,275	—
Computer and keypunch charges	1,211	1,872
Advertising and promotion	1,153	3,555
Copy and reproduction charges	1,094	2,219
Vehicle expenses	985	1,473
Licences, taxes and filing fees	718	961
Repairs and maintenance	537	830
Subscriptions and dues	348	612
Rental of equipment	325	336
Bank charges and interest	241	286
Heat and light	196	303
Sundry expenses	169	120
Drafting supplies	167	404
Stock exchange fees	100	2,400
	<u>79,270</u>	<u>94,761</u>
Expenditures Recovered		
Government Northern Mineral Assistance Program grant	—	6,491
Joint venture participation		
Jennings Lake project	103	4,570
Northern Alberta project	497	—
Interest received	5,751	7,659
Rents received	2,870	813
	<u>9,221</u>	<u>19,533</u>
TOTAL EXPENDITURES FOR THE PERIOD (Exhibit B)	<u><u>\$70,049</u></u>	<u><u>\$75,228</u></u>

SPARTAN EXPLORATIONS LTD. (NON-PERSONAL LIABILITY)

EXHIBIT E

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED JULY 31, 1970

(With comparative figures for the preceding year)

	1970	1969
Source of Funds		
Sale of share capital for cash	\$ 62,500	\$267,000
Government Northern Mineral Assistance grant received	—	71,404
Proceeds from joint venture participation		
Jennings Lake project	689	35,032
Northern Alberta project	3,311	—
Interest received	5,751	7,659
Proceeds of sale of fixed assets	9,826	3,465
Rents received	2,870	813
Advance received from Mitsui Mining & Smelting Company Limited	50,000	—
	<u>134,947</u>	<u>385,373</u>
Application of Funds		
Exploration and development expenditures	193,476	353,889
Items not involving an outlay of funds		
Depreciation	(20,248)	(20,792)
Mineral claims abandoned, at nominal value	(618)	(969)
	<u>172,610</u>	<u>332,128</u>
Administrative expenditures	79,270	94,761
Items not involving an outlay of funds		
Depreciation	(2,945)	(2,943)
	<u>76,325</u>	<u>91,818</u>
	<u>248,935</u>	<u>423,946</u>
Payments on options on mineral claims	—	6,000
Purchase of fixed assets	1,987	12,761
Investment in North Star Syndicate	1,850	15,000
Investment in Twinspar Syndicate	1,128	—
Investment in Central Exploration Syndicate	5,000	—
Investment in Dominica Project	10,000	—
Sunshine Valley mineral lease payment	12,885	—
Mineral claims recorded at nominal value	92	621
	<u>281,877</u>	<u>458,328</u>
INCREASE (DECREASE) IN WORKING CAPITAL DURING THE PERIOD	(146,930)	(72,955)
WORKING CAPITAL, BEGINNING OF PERIOD	<u>220,253</u>	<u>293,208</u>
WORKING CAPITAL, END OF PERIOD, as below	<u>\$ 73,323</u>	<u>\$220,253</u>
WORKING CAPITAL REPRESENTED BY:		
Current assets	\$ 80,057	\$258,616
Current liabilities	<u>6,734</u>	<u>38,363</u>
WORKING CAPITAL, as above	<u>\$ 73,323</u>	<u>\$220,253</u>

SPARTAN EXPLORATIONS LTD. (NON-PERSONAL LIABILITY)

EXHIBIT F

NOTES TO FINANCIAL STATEMENTS

AS AT JULY 31, 1970

1.	As at July 31, 1970, investments in mineral properties comprised:	
(a)	285 claims staked by the company and recorded at a nominal value of \$1 each	\$ 285
(b)	4 claims remaining in good standing, of 48 claims originally purchased by the issuance of 750,000 shares at a deemed price of 10¢ per share (Note 5)	75,000
(c)	1/3 interest in the North Star Syndicate conducting prospecting and exploration for mineral properties in the Province of Saskatchewan	16,850
(d)	1/4 interest in the Central Exploration Syndicate conducting prospecting and exploration for mineral properties in Guyana	5,000
(e)	1/4 interest in copper prospect concessions on Dominica Island, British West Indies	10,000
(f)	1/2 interest in Twinspar Syndicate conducting prospecting and exploration on 48 claims staked in the Kotsine River area of the Province of British Columbia	1,128
(g)	Initial lease payment concerning lease agreement with Sunshine Valley Minerals, Inc. (Note 2)	12,885
	Total Cost of Investment in Mineral Properties (Exhibit A)	\$121,148

The recorded amounts stated in this note are not intended to reflect either the present or future values of the properties concerned.

2. Under the terms of a mineral lease agreement dated April 4, 1970, entered into with Sunshine Valley Minerals, Inc., the company acquired an option to purchase 93 mineral claims located in the State of Washington for total cash payments of \$1,100,000 U.S. funds. To maintain the lease in good standing, the company is obligated to pay minimum royalties of:
- (a) \$12,000 U.S. funds upon execution of the lease (which amount has been paid by the Company);
- (b) \$12,000 U.S. funds on or before January 1, 1971, and like sum each January thereafter as long as the lease is in effect.

In the event that the property is brought into production, the minimum royalties specified above shall apply against annual royalties based upon net smelter returns. The option may be exercised at any time during the term of the lease, in which event all royalties paid will be applied against the purchase price.

3. Fixed assets consist of the following:

	July 31, 1970		July 31, 1969	
	Cost	Accumulated Depreciation	Net Depreciable Value	Net Depreciable Value
Buildings	\$29,498	\$17,699	\$11,799	\$17,699
Field equipment	19,029	16,476	2,553	7,512
Office furniture, fixtures and equipment	14,218	8,168	6,050	9,122
Automotive equipment	11,516	9,096	2,420	7,192
Aircraft	—	—	—	4,093
Totals (Exhibit A)	<u>\$74,261</u>	<u>\$51,439</u>	<u>\$22,822</u>	<u>\$45,618</u>

4. On May 11, 1970, the company entered into an exploration agreement with Mitsui Mining & Smelting Company Limited for mineral exploration in northern British Columbia. Mitsui advanced the sum of \$50,000 to finance primary exploration costs during the period from the date of the agreement to October 31, 1970. Any properties that may be located or acquired as a result of the program, which prove to be promising in the opinion of Mitsui, shall become the subject of a joint venture agreement for the purpose of further exploration and development, such agreement to be entered into not later than June 30, 1971. In consideration of the \$50,000 advance, the company shall not later than February 28, 1971, issue treasury shares to Mitsui to a value equivalent to the amount advanced. The value of shares to be issued shall be determined on the average closing sale price of the company's shares on a daily basis during the 1970 calendar year.
5. During the year ended July 31, 1970, the company issued 50,000 shares for cash at a price of \$1.25 per share under the terms of an underwriting agreement and received payment of \$62,500. As at July 31, 1970 issued share capital comprised:

		July 31, 1970	July 31, 1969
750,000	shares issued for mineral claims (Note 1)	\$ 375,000	\$ 375,000
	Discounts	300,000	300,000
		<u>75,000</u>	<u>75,000</u>
2,053,000	shares issued for cash (1969: 2,003,000 shares)	1,026,500	1,001,500
	Discounts on 1,300,000 shares	340,000	340,000
		<u>686,500</u>	<u>661,500</u>
2,803,000	shares outstanding as at July 31, 1970 (1969: 2,753,000 shares) (Exhibit A)	<u>\$ 761,500</u>	<u>\$ 736,500</u>

6. Contributed surplus comprises:

	July 31, 1970	July 31, 1969
Balance at beginning of year	\$ 413,164	\$ 250,000
Premium on sale of 50,000 shares during the year (1969: 203,000 shares)	37,500	165,500
Incorporation expense written off	—	(2,336)
Balance at end of year (Exhibit A)	<u>\$ 450,664</u>	<u>\$ 413,164</u>

7. The company's deficit consists of:

	July 31, 1970	July 31, 1969
Balance at beginning of year	\$ (370,817)	\$ 1,685
Cost of and exploration development and other expenditures on claims abandoned during the year (Exhibit B)	(363,835)	(372,108)
Payments made on options on mineral claims during the 1969 fiscal year, subsequently written off when options dropped	(6,000)	—
Gain (loss) on sale of fixed assets - net	8,236	(394)
Balance at end of year (Exhibit A)	<u>\$ (732,416)</u>	<u>\$ (370,817)</u>

8. Of the total outstanding share capital of the company as at July 31, 1970, 637,500 shares were held in escrow by the Canada Permanent Trust Company, subject to the orders of the Superintendent of Brokers of the Province of British Columbia and the Vancouver Stock Exchange. During January, 1970, 112,500 shares were released from escrow. Further shares outstanding as at July 31, 1970 and held under pooling agreements by the Canada Permanent Trust Company were as follows:

- a) 200,000 shares issued at \$1 per share and owned by Mitsui Mining & Smelting Company Limited were the subject of a pooling agreement under the terms of which the shares were pooled until April 9, 1970, and thereafter were not to be disposed of by Mitsui at a rate exceeding 10,000 shares per month;
- b) 53,000 shares issued at \$1.50 per share, to be held in escrow until February 28, 1971, after which they are to be released at the rate of 10,000 shares per month.

9. The company is claiming against Geo-X-Surveys Ltd. for recovery of monies paid to that company during 1969 for an aerial survey that was to have been carried out on uranium prospects in northern Alberta. The survey was not completed. Negotiations towards settlement of the claim are proceeding and the company's solicitors anticipate that an amount of \$2,450 will be recovered.

